

locate the team elsewhere. Instead defendants Reinsdorf and Einhorn relentlessly worked Illinois against Florida, exploiting the emotions of Chicago White Sox fans to extract the maximum amount of public monies from Illinois and Chicago; and in so doing they substantially further destroyed fan and viewer loyalty and destroyed the value of the White Sox games as the subject matter and condition of the Television License Agreement. In particular:

a. At their July 1986 press conference, defendant Reinsdorf stated publicly that by November if the State of Illinois did not vote a substantial subsidy to them to move the team to Addison, then they would not continue with that location but that they had had discussions with a number of markets and referred to reports of offers from four other cities.

b. At the press conference that defendants held on July 7, 1986 to announce Addison as a proposed site, defendant's vice-president of marketing admitted: "They [Einhorn and Reinsdorf] answered questions for 45 minutes, and the more they talked, the less people believed."

c. In July 1986 defendant Reinsdorf met in Skokie, Illinois with city officials from St. Petersburg, Florida to discuss moving the White Sox to a new 43,000-seat domed stadium to be built by St. Petersburg for \$85 million; and the fact that the meeting would take place was publicly reported in the press.

d. In July 1986, one week after defendant Reinsdorf stunned Chicago area baseball fans with the announcement that the White Sox would move out of Chicago and possibly out of Illinois, he stated in an interview that he had seen a great city like New York go downhill and he was afraid that Chicago would end up like New York; but he said that because they had given their best shot to keep the team in Chicago his conscience was clear that they had not caused the city to fall.

e. In October 1986 defendant Reinsdorf stated that the engineers had told them that they would not be able to play in Comiskey Park.

f. In December 1986 defendants signed a letter of understanding with the Mayor of Chicago whereby the State of Illinois would create the Illinois Sports Facilities Authority as an agency empowered to issue \$120 million in bonds to build a stadium across the street from Comiskey Park, for which defendant Chicago White Sox, Ltd. would pay rent of \$4 million a year.

g. In 1987 defendant Reinsdorf gave to both the Mayor of Chicago and the Governor of Illinois copies of the book The Dodgers Move West, by Neil J. Sullivan. He told the two officials that if the names of the team and the politicians were changed, the same story could apply to Chicago.

h. On October 8, 1987 defendants furnished the information for a Chicago Sun-Times news story headlined "Sox reported mulling move to new city," and stating:

"Frustrated by the political power struggle that has stalled work on their new stadium, the White Sox have begun talks with officials in another city about leaving Chicago, team sources said Wednesday.

....
The out-of-town officials have asked the Sox to set a deadline for completion of the Chicago stadium deal, sources said. Under the arrangement, they said, the Sox would commit to exclusive negotiations with the other city if the deadline expires without a final agreement between [the Governor and the Mayor]. The Sox currently are mulling the offer, sources said."

i. As a consequence of defendants' actions, on October 19, 1987 Chicago sports fans continued to be subjected to published reports that unless a stadium deal was forthcoming the White Sox would have to move and that the term "St. Petersburg White Sox" was spoken around the World Series in hotel lobbies, around the batting cage, and postgame meetings attended by baseball executives.

j. On November 12, 1987 defendant Reinsdorf stated publicly that the club's best alternative in its hazy stadium situation remained moving to another city.

k. In early 1988 defendants threatened the city and state with the St. Petersburg alternative and increased their demands for the price of their staying. They asked

would not be obligated to pay rent; if it went over 1.2 million, the authority would get 20% of attendance revenues and a third of the revenues from parking and concessions. They also asked that the authority agree to pay \$2 million annually toward stadium maintenance, and another \$1 million a year for improvements. If the stadium was not substantially completed by March 15, 1991, the Sox would receive \$5 million in penalties from the state, escalating by \$2.5 million per year thereafter until completion. In the last 10 years of the 20-year lease, the state authority would be required to purchase up to 300,000 tickets in any season in which attendance failed to reach 1.5 million.

1. In March 1988 defendants held meetings with the Pinella County Sports Authority which had supervised construction of the Suncoast Dome in St. Petersburg, Florida and had reached an understanding that contingent on Chicago's stadium situation the White Sox would move there. These actions created news reports in Chicago that this could mean that 1988 will be the last year for the White Sox in Chicago.

m. In March 1988 defendant Chicago White Sox, Ltd.'s officials and investors stated publicly in the press as follows:

"Dawdling city and state officials are 'playing with dynamite' because the Sox will have a lucrative deal in place with the Florida city [St. Petersburg] within 60 days, said investors and executives with the ballclub, who asked to remain anonymous.

....
The decision to stay or move will be determined by what concrete progress is made on a new stadium here in the next 60 days, Sox officials said. Unless everything is in place, including a signed lease, tax-exempt bonds, condemned land, construction contracts out for bid, the odds are the Sox will pull up stakes, sources said.

....
Reinsdorf has said he was crushed when as, a Brooklyn youngster, his beloved Dodgers were moved by club President Walter O'Malley to Los Angeles.

Sources said Reinsdorf gave Thompson and Washington, then embroiled in a struggle over control of the stadium authority, copies of Neil J. Sullivan's book, Dodgers Move West, and told them, 'Read This. If you change the names of the team and the politicians, the same thing is happening here.'"

n. On March 1988 a number of defendant Chicago White Sox Ltd.'s investors stated publicly and anonymously that they had reversed their position and now did not want defendant to be tied up in a 20-year lease that would prevent the club from being moved to another city; that the stadium, in the same neighborhood, could only be a curiosity for two or three years and then it would be the same as before; and that the \$120 million stadium should be built with a "subtle escape clause" so that if attendance or income fell below a certain level the club would be free to pick up and go.

o. In early April 1988 defendant Reinsdorf scheduled a guided tour of St. Petersburg's Suncoast Dome and he thereby caused media reaction in Chicago headlined "GHOST OF OPENING DAY 1989? Sox next trip to St Petersburg may be for more than a visit" and stating that the Florida Suncoast Dome was

already being constructed as a modern 43,000-seat facility that will be ready for a tenant by April 1989.

p. In April 1988 defendants paid to the city of St. Petersburg \$25,000 to study the feasibility of the use of St. Petersburg's Al Long Stadium as an interim playing site for the White Sox and its enlargement from 7,500 seats to 20,000 seats, in the event St. Petersburg's Suncoast Dome is not completed for the start of the 1989 season. At or prior to that time defendant proposed to Illinois that their previously-agreed \$4 million rental for the proposed Chicago stadium be re-negotiated.

q. In April 1988 defendants, having been offered a \$10 million dollar loan by a Florida financier, spurned attempts by the Illinois Sports Facility Authority to negotiate or speak with defendants, while St. Petersburg Assistant City Manager Rick Dodge jetted to and from Chicago for meetings with defendant's officials. Thereby defendants caused the Illinois Sports Authority and state government officials to be concerned that St. Petersburg might be defendants' primary objective and to express willingness to re-negotiate the proposed \$4 million stadium rental by cutting it in half or abolishing it altogether.

r. In May 1988 defendants stated publicly that the team could be called the Florida White Sox and that Florida is the greatest opportunity in baseball since the Dodgers moved west to Los Angeles.

s. In June 1988 defendants Reinsdorf and Einhorn presented new demands to the Chairman of the Illinois Sports Facility Authority, including a demand that defendant Chicago White Sox, Ltd. would pay no rent for the new stadium if attendance fell below 1.2 million and that the deal preclude the need for annual appropriations by the legislature. At the same time the White Sox marketing chief went to St. Petersburg to meet with radio and television managers, and defendants Reinsdorf and Einhorn praised Florida political leaders in a statement for their "progressive statement to bring major league baseball to.

v. As part of the 125-page management agreement approved by the Illinois General Assembly, defendants made known to the Stadium Authority their intention to secure a back-up deal.

w. Even after the Illinois legislature's narrow midnight passage on July 1, 1988 of legislation giving defendants the stadium and the tax-supported subsidies that they had demanded, defendants issued a statement on July 2, 1988 continuing to cast doubt on whether the White Sox will remain in Chicago. The statement said that the legislative action "renews hope that the team can remain in Chicago."

x. During the week of July 3, 1988, executives of defendant Chicago White Sox, Ltd. caused further uncertainty among potential Chicago fans by visiting St. Petersburg to formalize the "back-up" lease agreement there.

y. On July 8, 1988, defendant Chicago White Sox, Ltd.'s officials continued to issue statements causing doubt and uncertainty among potential White Sox fans as to whether the team could be relied upon to continue as a Chicago team. They stated: "The problem's just gone into hibernation, we still could be gone. ... now people are thinking the Sox are in Chicago to stay. That's not final either. No one should believe anything until the first home game in the new stadium, if it's built.... There are too many things that could go wrong."

2. The contract approved by defendants and by the Illinois General Assembly provided as follows among other things:

Location: The ballpark, which is to be ready for Opening Day 1991, will be located just south of Comiskey Park along 35th Street.

Cost: The Illinois Sports Facilities Authority will issue up to \$150 million in bonds to finance construction and land acquisition.

Payment for the project: A 2 percent city hotel-motel tax will be the primary source for retiring bond debt. The tax was estimated to bring in \$8 million a year, though presumably from conventions, trade shows, and tourists, the stadium not causing any substantial increase in hotel attendance. The City of Chicago will provide \$5 million annually from revenue-sharing funds. The State of Illinois pledges \$5 million a year in hotel-motel tax revenues and promises to make up any shortfall in the \$8 million.

Rent: Defendant Chicago White Sox, Ltd. is to pay no rent unless attendance tops 1.2 million. Illinois Sports Facilities Authority will receive \$2.50 per ticket from 1.2 million to 2 million in attendance in first 10 years of lease and is to receive 35 percent of any radio, television or advertising revenues above \$10 million.

Subsidies: The state authority is to pay defendant Chicago White Sox, Ltd. \$2 million per year for "maintenance". The state authority promises to buy 300,000 tickets in any season in which attendance falls below 1.5 million during the second half of the 20-year lease.

Land acquisition: The state authority must acquire 80 percent of residential land and all commercial property by Oct. 15, but residents may be allowed to stay through winter. By May 1, 1989, demolition must be completed, land sold, and the building contract let; if this is not accomplished by those dates, defendants have the right to void the contract and move the franchise to another city. If the stadium is not completed in time for opening day 1991, the state must pay defendant Chicago White Sox, Ltd. a \$5 million dollar penalty.

aa. In addition, defendant Reinsdorf requested that

their separate syndicate, which leases back Comiskey Park to defendant Chicago White Sox, Ltd., be paid \$3 million for the ballpark land, and defendants have refused to make public a list of those who would profit by the purchase of Comiskey Park by the state.

bb. In August 1988, after defendants had secured guarantees from both the taxpayers of Illinois and from plaintiff that defendant Chicago White Sox, Ltd. would receive huge sums which were not expressly made dependent upon any performance whatsoever by said defendant of any express agreements or conditions, defendants further gutted the White Sox as a viable commodity by trading away experienced pitcher Dave LaPoint and experienced outfielder Gary Redus, for a further net annual salary reduction of \$522,500. On the last day of August 1988 defendant traded away its fifth highest paid player, potential World Series pitcher Rick Horton, earning \$532,500, for a player with a salary of \$77,500.

cc. The actions of defendants in threatening that the White Sox would cease to be the Chicago White Sox unless the demanded taxpayer monies were forthcoming angered and discouraged members of the public who would otherwise be fans and television viewers of the team and resulted in publicly-expressed outrage, including the following published statements:

(i) In 1988 Mary M. O'Connell, leader of a local group, Save Our Sox, stated: "the spectacle of the owners playing Chicago and St. Petersburg off each other has a lot of White Sox fans very angry."

(ii) In June 1988, the Chicago Sun-Times, a newspaper of general circulation in the City of Chicago, reported the following reactions from potential fans:

"This team has been trashed by the owners," he declares. "The name, salaried players have been replaced by 'no names.' Should the fans pay big bucks to see this? Don't say we don't care, just that we are not that stupid!"

"For almost two years, we fans have been badgered with reports of a franchise move. Most people aren't going because they feel slighted and hurt. They are caught in a struggle between the owners, the city, and the state. If 3,000,000 of us went to games, it wouldn't matter."

(iii) In July 1988 a White Sox fan expressed in the Chicago Tribune his view that defendants' threats to move the team to Florida have frustrated the desire for "a team that cares to call itself the Chicago White Sox", and are responsible for the poor attendance, and said:

"since 1983, White Sox fans have seen very little from the owners to warrant their continued support. This year under the code word 'rebuilding,' the Sox put their Triple A farm club team on the field while charging us major league prices."

The current White Sox owners and management have done nothing to endear themselves to fans or even the

"Jerry Reinsdorf and Eddie Einhorn, the Gepetto and Pinocchio of the affair, were clearly the villains, blackmailers of emotions and unctuous opportunists.

While confessing to great personal distress, they relentlessly worked Illinois against Florida, unable to lose anything but sympathy.

The next time you hear the story of how Reinsdorf, the Brooklyn innocent, wept when Walter O'Malley stole California for the Dodgers, tell him the one about Br'er Rabbit and the briar patch.

The barely visible Sox fans have not broken faith with the franchise; it is the other way around. Low attendance and lack of passion were not proof that the Sox were no longer wanted in Chicago.

With the least encouragement, with the slightest hope, love is gladly given and inconvenience cheerfully tolerated.

No one is more resilient or generous than a sports fan with a winning team and a live hero to cheer.

What the Sox fan has had in the last few years is posturing, pouting and outright idiocy.

Reinsdorf, Einhorn and their hirelings have seemed more interested in building a team that could leave than one that would have to stay."

50. By defendants' said actions defendant Chicago White Sox, Ltd. has materially and substantially breached its contract obligations of good faith, cooperation, and fair dealing, in concealing and failing to disclose material facts until after the execution of the Television License Agreement and thereafter in alienating Chicago White Sox fans so as to destroy viewer interest and consequent sponsorship revenues, to the great damage

51. The aforesaid breaches and wrongful actions of defendant Chicago White Sox, Ltd., by its said executives defendants Reinsdorf and Einhorn, in gutting and strip-mining the White Sox team of salary investment, player quality, and fan goodwill have caused fans to vote with their feet away from Comiskey Park and away from their television screen broadcasts, to the injury and damage of plaintiff. In particular:

a. Attendance at the park has dwindled from 1,607,075 in 1985 to a projected 1.1 million in 1988, the lowest attendance since 1976.

b. By reason of defendants' acts in diminution of the White Sox's goodwill and public appeal, the television viewer ratings also dropped, from 5.1 in 1985 to 1.7 in August 1988, a fall to 33 percent of the 1985 figure, which has caused a drop in sponsorship revenues and will prevent plaintiff from obtaining contracts for adequate sponsorship revenues in the future.

c. Whereas in 1985 the parties divided in half the net revenues of \$2,997,278 for 55 games, so that WFLD made a profit of \$1,498,639, in 1988 plaintiff will receive net revenues of \$4,682,000 against the Licensor's contract claims for \$5,361,125 in license fees and \$800,675 in production fees, for a net out-of-pocket loss to plaintiff of \$1,479,000.

Plaintiff's Notice that it would Seek
a Declaratory Judgment of Termination by
Reason of Defendant Chicago White Sox,
Ltd.'s Material Breaches

52. On September 28, 1988 plaintiff notified defendant that by reason of material breaches of express and implied promises of defendant Chicago White Sox, Ltd. plaintiff would seek a declaratory judgment that it has the right to terminate the Television License Agreement as of the close of the 1988 baseball season, and for other relief. A copy of that notice is attached as Exhibit K and incorporated by reference herein. The notice stated, among other things, that the plaintiff would complete its obligation to broadcast the 1988 White Sox games through the final game on September 30. The notice further stated that all future 1988 payments provided for by the agreement would be deposited by plaintiff in a special interest-bearing money market account to be distributed between the parties after adjudication of the plaintiff's damages hereunder and in accordance with that adjudication.

Declaratory Relief Requested

WHEREFORE, plaintiff prays that this Court enter its declaratory judgment:

1. Finding and declaring that defendant Chicago White Sox, Ltd. is in substantial and material breach of the Television License Agreement dated December 26, 1985.

2. Finding and declaring that plaintiff has been substantially injured and damaged by said material breaches and has lawful grounds for termination of said agreement, and that by reason thereof plaintiff may lawfully terminate the Television License Agreement as of the end of the 1988 baseball season.

3. Finding and declaring that defendants Reinsdorf, Einhorn, and Chicago White Sox, Ltd. have committed tortious interference with plaintiff's contractual relations, to plaintiff's damage.

4. Finding and declaring that defendants Reinsdorf, Einhorn, and Chicago White Sox, Ltd. have committed tortious interference with plaintiff's prospective economic advantage, to plaintiff's damage.

5. Finding and declaring that plaintiff is entitled to such other relief as this Court may deem appropriate.

PLAINTIFF FURTHER PRAYS that this Court order such supplemental proceedings as may be appropriate for the determination and adjudication of the amount of damages for which defendants are liable to plaintiff, and for such other and further relief as may be appropriate.



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estimating at 21.3 (percentage of TV homes tuning in). NBC had good network advertisers in a prime-time slot, and a very high average rating for the 17-day Olympic programming was nearly 20 percent under that, according to NBC. The network's "make good" guarantee—free time elsewhere in the Games or later that fall. Those make-goods probably cost the network well over \$50 million.

ATTACHMENT E

AVERAGE RATING/SHARE - 1989 SEASON
(Number of games upon which averages based in parentheses)

<u>TEAM</u>	<u>TUESDAY</u>	<u>WEDNESDAY</u>	<u>FRIDAY</u>
California Angels	5.5/10.3 (10)	5.0/9.8 (6)	4.8/10.4 (10)
Cleveland Indians	10/16.5 (3)	8.5/15 (2)	7/12.5 (3)
Minnesota Twins	14.4/28.1 (9)	14.3/27.9 (9)	11.1/23.8 (8)
Cincinnati Reds	16.7/29.8 (2)	17.8/31.8 (3)	16/32.7 (3)
Seattle Mariners	5.2/11.2 (9)	4.8/10.8 (10)	4.0/9.3 (10)
Los Angeles Dodgers	7.9/15.5 (6)	9.2/17.2 (5)	7.0/14.4 (9)
New York Mets	6.7/13 (7)	8.2/16 (21)	8.0/15 (13)
Philadelphia Phillies	6.5/11 (NA)	6.6/12 (NA)	5.9/10 (NA)
Baltimore Orioles	17/30.5 (2)	17.3/32 (3)	12.7/27.7 (3)
Boston Red Sox	8.9/15 (3)	10.3/17 (3)	10.2/19 (19)
Average (weighted by number of games per team)	8.8/16.7	9.3/17.8	8.2/16.5
Average (unweighted)	9.9/18.1	10.2/19.0	8.7/17.5